AR1000TD Lump Sum Distribution Averaging 1997

For Total Distribution from Qualified Retirement Plan

Attach to AR1000 or AR1000NR *See Instructions on Reverse Side*

NAME(S) *As shown on Return*	SOCIAL SECURITY NUMBER

If you qualify to use this form, you may elect to use Part II or Part III.

PART I	YES	NO
1. Did you rollover any part of the distribution? *If "Yes," do not complete this form.* 1		
2. Was the retirement plan participant age 59 1/2? *If "No," do not use this form.* 2		
3. Was this lump-sum distribution from a qualifying pension, profit sharing or stock bonus plan? 3		
If you answered "No" to question 2 or 3, do not complete this form.		
4. Was the participant a member of the plan for at least 5 years preceding the year of the distribution? 4		
5. If this a distribution paid to a beneficiary of an employee who died? 5		
If you answered No to 4 question and 5, do not complete this form.		
6. Did you quit, retire, get laid off, or get fired from your job before receiving the distribution? 6		
7. Were you self-employed or an owner employee and became disabled? 7		
8. Were you 59 1/2 or over at the time of the distribution? 8		
If you answered "No" to all questions 5 through 8, do not complete the rest of this form.		

PART II	5 YEAR AVERAGING	
1. Total income from payer's statement. (Form 1099, Box 2a). *Enter on this line instead of on AR1000 or AR1000NR.* 1		
2. Current actuarial value of annuity, if applicable, *(from Form 1099, Box 8).* 2		
3. Total taxable amount. *(Add Lines 1 and 2)*. If total is $70,000 or more, enter on Line 8, skip Lines 4-7. 3		
4. Multiply Line 3 by 50% (.50); but do not enter more than $10,000. 4		
5. Subtract $20,000 from Line 3. *(Enter difference).* *If Line 3 is $20,000 or less, enter 0* 5		
6. Multiply Line 5 by 20% (.20). 6		
7. Minimum distribution allowance. *(Subtract Line 6 from Line 4).* 7		
8. Subtract Line 7 from Line 3. 8		
9. Enter 20% (.20) of Line 8. 9		
10. Tax on the amount on Line 9. *(Use the tax rate schedule on reverse side).* 10		
11. Multiply Line 10 by 5. If no entry on Line 2, skip Lines 12 though 17, and enter on Line 18. 11		
12. Divide Line 2 by Line 3. *(Carry to four decimal places).* 12		
13. Multiply Line 7 by Line 12. 13		
14. Subtract Line 13 from Line 2. 14		
15. Multiply Line 14 by 20% (.20). 15		
16. Tax on amount on Line 15. *(Use tax rate schedule on reverse side).* 16		
17. Multiply Line 16 by 5. 17		
18. Subtract Line 17 from Line 11. *(Enter on AR1000 or AR1000NR).* 18		

PART III	10 YEAR AVERAGING	
1. Total income from payer's statement. (Form 1099, Box 2a). *Enter on this line instead of on AR1000 or AR1000NR.* 1		
2. Current actuarial value of annuity, if applicable, *(from Form 1099, Box 8).* 2		
3. Total taxable amount. *(Add Lines 1 and 2)* . If total is $70,000 or more, enter on Line 8, skip Lines 4-7. 3		
4. Multiply Line 3 by 50% (.50); but do not enter more than $10,000. 4		
5. Subtract $20,000 from Line 3. *(Enter difference).* *If Line 3 is $20,000 or less, enter 0* 5		
6. Multiply Line 5 by 20% (.20). 6		
7. Minimum distribution allowance. *(Subtract Line 6 from Line 4).* 7		
8. Subtract Line 7 from Line 3. 8		
9. Enter 10% (.10) of Line 8. 9		
10. Tax on the amount on Line 9. *(Use the tax rate schedule on reverse side).* 10		
11. Multiply Line 10 by 10. If no entry on Line 2, skip Lines 12 though 17, and enter on Line 18. 11		
12. Divide Line 2 by Line 3. *(Carry to four decimal places).* 12		
13. MultiplyLine 7 by Line 12. 13		
14. Subtract Line 13 from Line 2. 14		
15. Multiply Line 14 by 10% (.10). 15		
16. Tax on amount on Line 15. *(Use tax rate schedule on reverse side).* 16		
17. Multiply Line 16 by 10. 17		
18. Subtract Line 17 from Line 11. *(Enter on AR1000 or AR1000NR).* 18		

AR 1000TD (R 9/97)

Instructions for Form AR1000TD Lump-sum Distribution

(For Total Distribution from Qualified Retirement Plan)

Attach to AR1000 or AR1000NR

General Instructions

After you have completed Part I of this form, and have found that you qualify, you need to determine whether to use the five-year or ten-year averaging method. With this method, the Lump-sum is taxed as if you were to receive it in equal amounts over the next five (5) or ten (10) years.

Caution: *You should not use AR1000TD if the distribution was passed through an estate.*

If you do not use the five (5) or ten (10) year averaging method, report the lump-sum on AR1000 or AR1000NR

The Form 1099 provided to you by the payer shows the separate parts of your distribution. The amount you will use in completing AR1000TD are Taxable annuity (Box 2a) and if it applies, the current actuarial value of the annuity (Box 8). If you do not have a statement that shows this information, please ask for it.

A. Who can elect the five (5) or ten (10) year averaging method?

If you were age fifty (50) or more on January 1,1987, and otherwise qualify, you may elect the ten-year averaging method using the tax rates shown below.

B. Distributions that qualify. (See Part I of this form.)

C. Distributions that do not qualify. The following distributions do not qualify as lump-sum distributions.

1) A distribution of your deductible voluntary employee contributions and any net earnings on these contributions. A deductible voluntary employee contribution is a contribution that:

a) Was made by the employee in a tax year beginning after 1981 and before 1987 to a qualified employer plan or a government plan that allow such contributions,

b) Was not designated by the employee as nondeductible, and

c) Was not mandatory.

2) U.S. Retirement Plan Bonds distributed with a lump sum.

3) Any distribution made during the first 5 tax years that the employee was a participant in the plan, unless it was made because the employee died.

4) The current actuarial value of an annuity contract included in a lump-sum distribution. (However, this value is used to figure tax on the ordinary income part of the distribution under the 5- or 10-year tax option method.)

5) A distribution to a 5% owner that is subject to a penalty because it exceeds the benefits provided under the plan formula.

6) A distribution from an IRA.

7) A distribution of the redemption proceeds of bonds rolled over tax free to the plan from a qualified bond purchase plan.

8) A distribution from a qualified plan if the plan participant or his or her surviving spouse previously received an eligible rollover distribution from the same plan (or another plan of the employer required to be combined with that plan for the lump-sum distribution rules) and the previous distribution was rolled over tax free to another qualified plan or to an IRA.

9) A corrective distribution of excess deferrals, excess contributions, excess aggregate contributions, or excess annual additions.

10) A lump-sum credit or payment from the Federal Civil Service Retirement System (or the Federal Employees Retirement System).

11) A distribution from a tax-sheltered annuity.

12) A distribution from a qualified plan if any part of the distribution is rolled over tax free to another qualified plan or IRA.

13) A distribution from a privately purchased commercial annuity.

14) A distribution from a section 457 deferred compensation plan of a state or local government or a tax exempt organization.

D. How many times can the five (5) or ten (10) year averaging method be chosen?

If you make an election this year, you cannot make an election another year with respect to another lump-sum distribution.

E. When to choose:

To choose the five (5) or ten (10) year averaging method, file Form AR1000TD with your original or amended return. Generally, you have three (3) years from the due date of your tax return or the date you filed your return to choose this method.

F. Tax on prior year lump-sum distributions:

If you received another lump-sum distribution or an annuity contract for any year after 1982 and before 1989, and used Form AR1000TD for that year, add those distributions to your 1989 distribution and figure your tax on AR1000TD using the combined distributions. From that result, subtract the tax you paid on the lump-sum distributions for the earlier years from the amount of tax on Line 18 of Part II or Part III.

G. Multiple recipient of lump-sum distributions:

If you shared a lump-sum distribution from a qualified retirement plan when not all recipients were trusts, figure your tax on AR1000TD as follows:

1. Multiply your percentage of the total distribution by the total amount of distribution shown in Boxes 1, 2a, 3 and 8 of the Form 1099-R.

2. Enter that amount on Line 1 of AR1000TD, in Part II or Part III, whichever is applicable.

3. Complete as shown on the form.

H. If you received more than one distribution, add them and figure the tax on the total amount.

I. If you and your spouse are filing a joint return and each has received a lump-sum distribution, complete and file a different AR1000TD for each spouse's election, and combine them on AR1000 or AR1000NR.

If you have read these instructions and have further questions, you need to contact the Individual Income Tax Office.

Instructions for Tax Rate Schedule

A. If your Net Taxable Income is less than $3,000.00 your tax is 1% (.01) of your net taxable income. Example: If your net taxable income is $2,500.00 your tax is 1% (.01) of that amount, which is $25.00.

B. If your Net Income is:

More Than	But Not More Than	Your Tax Is	Plus %	Of The Excess Over	More Than	But Not More Than	Your Tax Is	Plus %	Of The Excess Over
$ 3,000	$ 4,000	$ 30	2.5	$ 3,000	$15,000	$16,000	$ 480	6	$15,000
4,000	5,000	55	2.5	4,000	16,000	17,000	540	6	16,000
5,000	6,000	80	2.5	5,000	17,000	18,000	600	6	17,000
6,000	7,000	105	3.5	6,000	18,000	19,000	660	6	18,000
7,000	8,000	140	3.5	7,000	19,000	20,000	720	6	19,000
8,000	9,000	175	3.5	8,000	20,000	21,000	780	6	20,000
9,000	10,000	210	4.5	9,000	21,000	22,000	840	6	21,000
10,000	11,000	255	4.5	10,000	22,000	23,000	900	6	22,000
11,000	12,000	300	4.5	11,000	23,000	24,000	960	6	23,000
12,000	13000	345	4.5	12,000	24,000	25,000	1020	6	24,000
13,000	14,000	390	4.5	13.000	25,000	---	1080	7	25,000
14,000	15,000	435	4.5	14,000					

AR1000TD (R 9/97)